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HD **B.C.'s budget rings up \$4.2-billion deficit, carbon tax to fund new housing and health-care spending; New initiatives include tax breaks for low-income families and a renter's rebate. Here are five key takeaways from the 2023 budget**

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WC 1,643 words

PD 28 February 2023

SN The Globe and Mail (Breaking News)

SC GMBN

LA English

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Five key takeaways from the 2023 budget

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* This is a spending budget: Finance Minister Katrine Conroy introduced a deficit budget, cautioning that the \$3.6-billion surplus from the last fiscal year is not to be repeated. Instead, she predicts a \$4.2-billion deficit, with the extra spending in part devoted to previously announced enhancements to health care and housing. New initiatives include several tax breaks for low-income families, including a renter's rebate and higher family benefits.

* Revenue projections are grim: Personal income tax revenue is down by almost 10 per cent, reflecting the softening economy. But revenue projections in many of British Columbia's traditional industries have plummeted: Forest industry revenue is expected to decline by 54.4 per cent and revenue from the corporate income tax is expected to shrink by 43.5 per cent. The property transfer tax revenue, which has been a steam engine mirroring B.C.'s hot housing market, is expected to decline by 20 per cent.

* Health-care spending: The government has targeted more money to recruit oncologists and family doctors, and has made historic investments in mental health and addictions. But the fine print of the budget indicates health spending as a proportion of the province's overall operating expenses has actually decreased since 2016, just before the start of the NDP mandate. It was about 40 per cent then and for the next fiscal year, it will amount to 38 per cent.

* Taxes: A significant boost to carbon taxes – including hiking the fuel-charge levy of \$50 per tonne of emissions to \$65 – is the main tax increase in this year's budget. It is expected to bring in an extra \$584-million, but most of that – \$412-million – will be returned to low-income earners through a credit.

* Winners: Spending on wages in the public sector is expected to increase by \$4.3-billion next year and the number of full-time equivalent public sector workers will rise by 600 positions. People on income and disability assistance will see a \$125 per month increase to their shelter rate. Low-income families who rent will be eligible for up to \$400 per year in rebates and an increase in monthly BC family benefits. A low-income four-person family will also be eligible to up to \$900 – from \$500 – in carbon tax rebates. BC is also becoming the first Canadian jurisdiction to make prescription contraception free.

[British Columbia](#), facing a marked decline in many of its major sources of revenue, will ring up a \$4.2-billion deficit to offer relief for lower-income earners, including a long-promised renter's rebate and a rare increase to the shelter allowance for people on income and disability assistance.

The provincial economy is expected to slow to just 0.4-per-cent growth, while revenue from personal and corporation income taxes are projected to shrink. Natural resource revenue is set to decline, including a drop of more than 54 per cent in returns from the forestry industry.

Spending on health care, education and housing measures – many of which were previously announced – will reach record highs. Health care spending as a share of the total budget, however, has declined. Twenty years ago, health spending consumed 41 per cent of the provincial government's expenditures. In the coming fiscal year, it will take up 38 per cent of total spending, including the extra funding recently announced from Ottawa.

Finance Minister Katrine Conroy said her budget aims to address the rising cost of living. "For the families who feel like they are just getting by – and never getting ahead – we're here for you."

Her fiscal plan projects [deficits](#) in each of the next three years, and she would not say when B.C. expects to return to a balanced budget. "I won't say we don't care about deficits," she told reporters, but she defended the spending-heavy plan. "It's not the right time to make cuts."

Ms. Conroy announced a string of measures to provide tax relief targeting low- and moderate-income earners, including an income-tested renter's tax credit that will provide a maximum amount of \$400 annually for low-income renters. The rebate works out to about \$33 a month in relief and was promised by the NDP six years ago. Roughly 80 per cent of renters are expected to benefit.

Sussanne Skidmore, president of the BC Federation of Labour, applauded the fiscal plan. "These are good investments in British Columbia – prioritizing health care, livability and affordability," she said in an interview. While costs for the public sector are climbing by billions of dollars this year, she said she believes most British Columbians will understand the need for "good, robust, functioning public services."

Bridgitte Anderson, chief executive officer of the Greater Vancouver Board of Trade, said the investments in public programs like health care are needed, but the province is falling short on helping expand the economy and improving competitiveness. "This has a limited economic vision," she said.

The single largest tax increase is the carbon tax, which will rise by \$15 per tonne of CO2 emissions in April. That is in step with the federal carbon pricing schedule, which is set to rise every year by \$15 increments until it reaches \$170 a tonne in 2030. That means British Columbians, who pay about 11 cents a litre at the pumps for the carbon tax, will be paying 37 cents a litre by the end of the decade.

The tax is not revenue-neutral for taxpayers, but the climate action tax credit will rise to offset some of the increase. For a family with children earning less than \$60,000, the tax credit will be larger than the average amount spent on the carbon tax.

[B.C. 2023 budget forecasts revenue from forestry sector to tumble amid industry slump](#)

The B.C. New Democratic Party government promised to focus on delivering more housing for the middle class, relief for a health care system that is in crisis, and affordability measures for those British Columbians who are struggling the most with the rising cost of living.

Health care spending will rise to \$28.7-billion, which will help pay for more supports for cancer care and new treatment beds for those with mental-health challenges and addictions. There is additional money to help fund a new compensation model for family doctors that has already been established.

The budget includes roughly \$600-million in additional health transfers from the federal government, as part of the top-up of the Canada Health Transfer announced in February to address immediate pressures, including pediatric hospitals and emergency rooms, and long wait times for surgeries.

On Wednesday, Premier David Eby and Prime Minister Justin Trudeau are set to meet in Victoria where they are expected to sign an agreement in principle for a bilateral deal that will bring in additional cash.

The president of the BC Nurses' Union, Aman Grewal, said the additional health care spending is welcome, but she is not clear how it will help relieve the pressure on health care workers. There are a

record number of nursing vacancies in B.C. today – more than 5,200 positions. “We need more nurses in the system, to improve the system,” she said.

Housing investments will increase substantially, to \$1.9-billion, with the promise to build new homes for the middle class, new student housing, and funds to preserve existing rental housing for lower-income families. The provincial government is facing headwinds, however, with new housing starts expected to decline by 16.5 per cent as higher interest rates cool the housing market. More details of the government’s new housing plan will be released this spring.

Student aid allowances will increase, and foster families will receive a 47-per-cent increase in care provider rates. The shelter rate for people receiving income and disability assistance is increasing for the first time since 2007, by \$125 a month. And, B.C. will become the first province in Canada to provide free prescription contraceptives.

Liberal Leader Kevin Falcon said the decision to provide free contraceptives is “great.” The rest of the budget is “a massive disappointment,” he told reporters. He said cancer wait lists are now the worst in the country and public safety has eroded under the NDP government. And, he said, the mental-health supports include no capital funding for expansion. “It only provides false hope.”

The budget promises \$88-million this coming fiscal year for additional policing, corrections and enforcement programs in response to rising concerns about public safety. The fiscal plan says it will provide “more effective levels of policing and law enforcement,” especially in rural and remote areas.

Wages and benefits for the public sector consume roughly half of government spending, and the size of government is set to grow by the equivalent of 600 full-time employees. The government has offered three-year labour contracts for the public sector that are the most generous in a generation. The contracts include a cost-of-living clause, so the cost is not set until inflation rates are determined each year, but those settlements are expected to cost up to \$4.3-billion more in the coming year.

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